



FY23 Budget Presentation

to the

**Financial Affairs Committee
Board of Trustees**

June 27, 2022

UConn Storrs & Regionals



Budget Risks

State Support

- Generous CBI funding from the State is largely one-time in both FY22 and FY23 which puts a strain on our FY24 budget and beyond. It is possible that we lose \$47M in CBI funding for FY24.

	FY22	FY23	FY24
<u>Total cumulative cost of CBIs</u>	<u>\$45.0</u>	<u>\$62.7</u>	<u>~\$89</u>
Block grant employees	19.9	29.5	~42
Non-Block Grant employees	25.1	33.2	~47

State Fringe Benefits

- The State's legacy costs continue to rise. High fringe benefit costs impact UConn budgets, research competitiveness, students and their families. About \$1,000 per student in tuition and fee dollars end up being diverted from their education to contribute to retiree liability.

Tuition Rates

- The in-state population has become more rate sensitive in recent years. Rate changes may have a greater impact on overall quality as well as diversity than those in years prior. This is in addition to the trend that has already happened in the out-of-state market.

Capital

- Capital bond funds from the State are insufficient to fund high priority projects; operating revenues limited to support additional debt payments; and timing of philanthropy is unreliable.

FY23 Proposed Operating Budget

Despite fiscal challenges, UConn is presenting a balanced budget for FY23.

	FY22 *	FY23 Budget	\$ Change	% Change
State Support	\$ 448.6	\$ 445.9	\$ (2.8)	-0.6%
Tuition	468.6	505.2	36.7	7.8%
Mandatory/Course Fees	149.6	160.1	10.4	7.0%
Grants & Contracts	109.7	110.8	1.1	1.0%
G&C - Federal COVID relief	82.9	39.2	(43.7)	-52.7%
Auxiliary Enterprise	183.0	201.9	18.9	10.3%
Other Revenue (incl Foundation reimb.)	77.9	73.4	(4.5)	-5.8%
Research Fund	154.6	172.3	17.7	11.5%
Total Revenues	\$ 1,674.9	\$ 1,708.7	\$ 33.8	2.0%
Salaries & Wages	\$ 592.0	\$ 601.3	\$ 9.3	1.6%
Fringe Benefits	353.1	366.1	13.0	3.7%
Other Expenses (incl energy/equip.)	242.4	268.6	26.2	10.8%
Student Financial Aid	264.2	244.9	(19.3)	-7.3%
Debt/Capital	69.4	55.8	(13.6)	-19.6%
Research Fund	153.8	172.0	18.2	11.9%
Total Expenditures	\$ 1,674.9	\$ 1,708.7	\$ 33.8	2.0%
Net Gain/(Loss)	\$ 0.0	\$ 0.0	\$ 0.0	

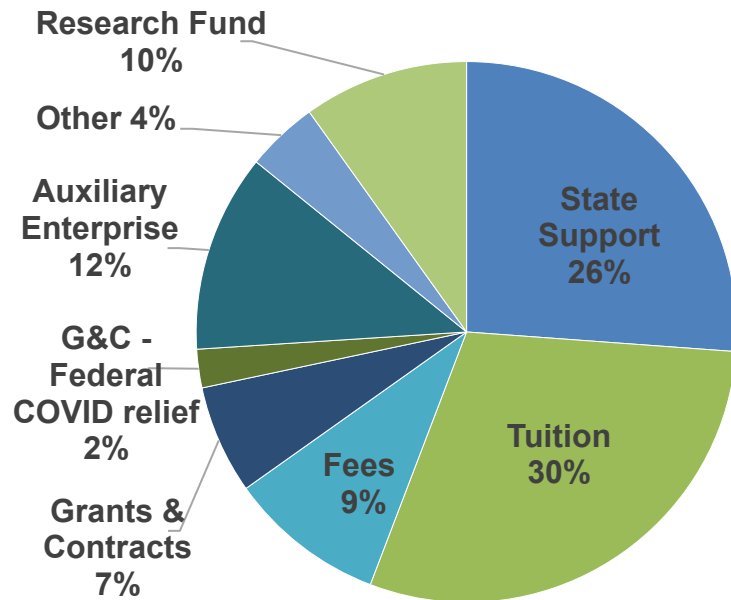
*Projected as of 3rd qtr. 2022

Note: Use of decimals may result in rounding differences.

FY23 Revenues and Expenses

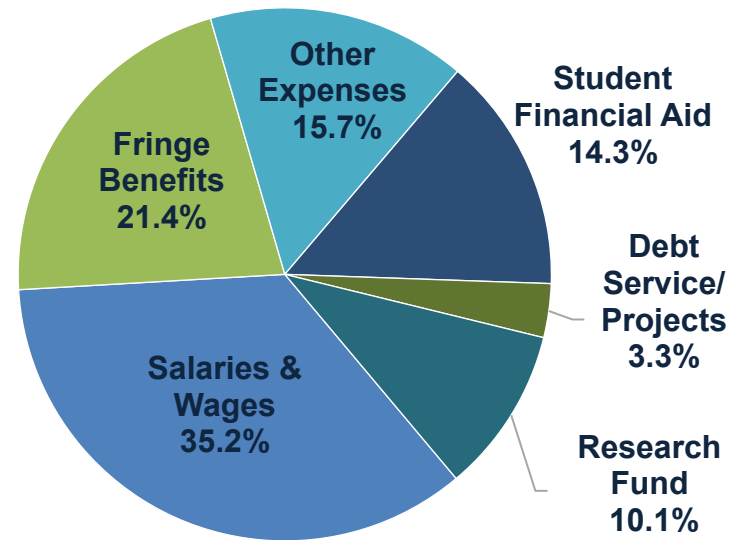
Revenues and expenses will increase 2% each over FY22.

Revenue Budget



- 39% of total revenue is funded by students and their families through mandatory tuition and fees.

Expense Budget



- 57% of total expense is allocated to personnel costs.
- Student financial aid commitment is strong with a 7% increase in tuition funded aid.

State Support

UConn is grateful for the large amount of support from the State, but we will need to mitigate against one-time funding for permanent costs (e.g., SEBAC).

State Support	FY22	FY23
Block grant	\$ 208.2	\$ 208.2
CBI - block grant employees	19.0	32.5
CBI - non-block grant employees (one-time)	25.1	33.2
Temporary operating support*	22.8	15.0
27th payroll funding		15.5
Subtotal	\$ 274.9	\$ 304.4
Fringe reimbursement/27th pay adj.	193.7	180.7
Total state support	\$ 468.6	\$ 485.1
Reclassify covid relief funding as federal revenue	(20.0)	(39.2)
Remaining State Support	\$ 448.6	\$ 445.9

* Temporary operating support includes funding towards legacy fringe costs, COVID revenue loss and other program initiatives.

Note: Use of decimals may result in rounding differences.

FY23 Capital Budget

UCONN 2000 Bond Funded Projects by Statutory Named Lines	Total	By Program		
		Academic/Research	Deferred Maint.	Other
Academic and Research Facilities	\$32.0			
Gant Science Building Renovations - STEM	32.0	32.0		
Deferred Maintenance	26.5			
Academic Renovations - PharmBio Backfill	1.0	1.0		
Mirror Lake & South Campus Infrastructure	23.2		23.2	
Contingency	2.3			2.3
Equipment	12.0			
Academic & Research	2.9	2.9		
Information Technology	6.7		6.7	
Other	2.4		1.6	0.8
Residential Life Facilities	54.7			
South Campus Residence Hall	54.7			54.7
Total UCONN 2000 Bond Funded Projects	\$125.1	\$35.9	\$31.5	\$57.8
Other Funded Projects (University, Gifts, State GO Bonds)				
Facilities Repairs & Improvements	10.0		10.0	
Programmatic Renovations	6.0	6.0		
Hockey Arena	34.8			34.8
Faculty Innovators (State GO Bonds)	11.7	11.7		
UCH Deferred Maintenance (State GO Bonds)	40.0			40.0
Other/Contingency	2.4			2.4
Total Other Funded Projects	\$104.9	\$17.7	\$10.0	\$77.2
Grand Total FY23 Capital Budget	\$230.0	\$53.6	\$41.5	\$134.9

- 93% of the Storrs & Regionals capital budget will provide funding for active construction projects.

- New State GO bonds for UCH will support critical DM needs.



UConn Health

FY23 Operating Budget Risks

COVID

- Unknown level of possible spikes in COVID cases, new waves, new variants

Staffing

- Employee turnover is greater than historical trends; Overtime, Travel/Temporary Staff, Stipends

Fringe Costs

- Fringe benefit rates – final retirement rates not set

Other Expenses

- Increased inflationary pressures and supply chain shortages, backorders and outages

Patient Revenue

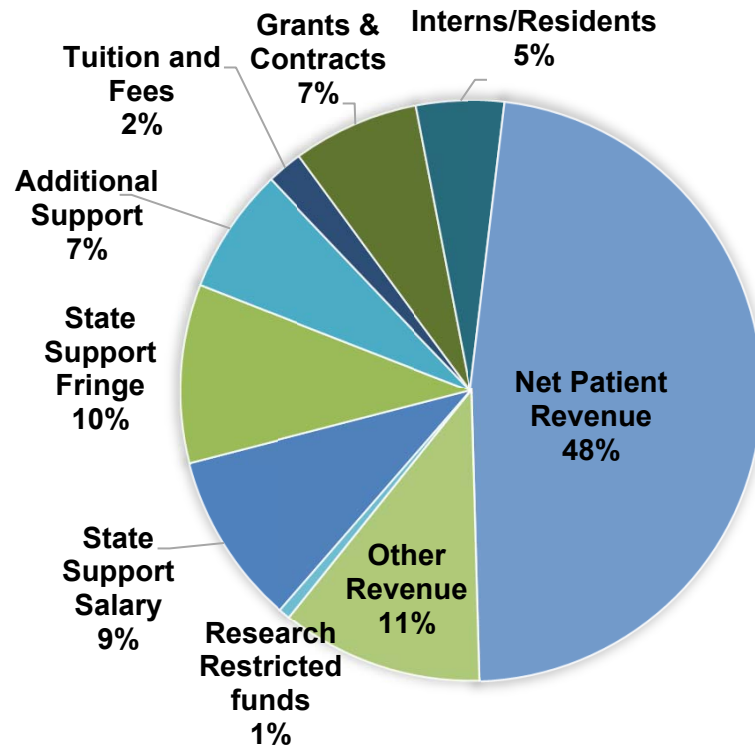
- DSS Supplement/Enhanced payments Federal match
- 340B eligibility
- Proposed payment reductions and overall shift of services to outpatient
- Payer mix and volume fluctuations
- Hospital consolidation and outside referral reductions

FY23 Proposed Operating Budget

<u>UConn Health Center</u>	Fiscal Year 2023	Fiscal Year 2022		
Revenue and Expense (\$M)	Proposed Budget	Forecast	Variance	% Variance
State Support Salary	\$ 151.5	\$ 142.4	\$ 9.0	6.0%
State Support Fringe	157.0	154.2	2.8	1.8%
Additional Support	110.4	85.0	25.4	23.0%
Tuition and Fees	32.0	31.2	0.8	2.4%
Grants & Contracts	111.2	119.0	(7.8)	-7.0%
Interns/Residents	77.2	74.2	3.1	4.0%
Net Patient Revenue	752.2	714.5	37.7	5.0%
Other Revenue	176.6	180.4	(3.8)	-2.2%
Total Operating Fund	\$ 1,568.1	\$ 1,501.0	\$ 67.2	4.3%
Research Restricted funds	10.0	4.0	6.0	60.0%
Total Revenues	\$ 1,578.1	\$ 1,505.0	\$ 73.2	4.6%
Personal Services	\$ 536.5	\$ 514.4	\$ 22.0	4.1%
Fringe Benefits	359.3	326.2	33.1	9.2%
Drugs/Medical Supplies	232.4	213.7	18.6	8.0%
Resident and Fellow house staff	63.2	61.6	1.6	2.5%
Utilities	15.2	13.3	1.9	12.5%
Interest Expense on Debt Service	8.3	8.7	(0.4)	-4.9%
Other Expenses	313.7	301.5	12.2	3.9%
Capital Projects/Lease and Debt Payments	39.0	60.9	(21.9)	-56.1%
Total Operating Fund	\$ 1,567.5	\$ 1,500.4	\$ 67.1	4.3%
Research Restricted funds	10.0	4.0	6.0	60.0%
Total Expenses	\$ 1,577.5	\$ 1,504.4	\$ 64.9	4.1%
Excess/(Deficiency)	\$ 0.6	\$ 0.5	\$ 0.1	

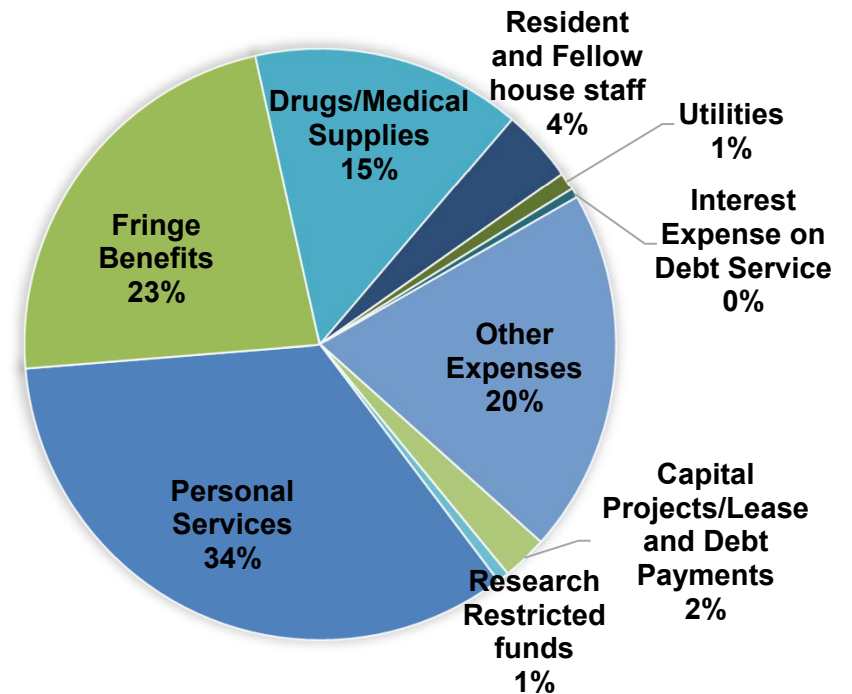
FY23 Revenues and Expenses

Revenue Budget



- 48% of total revenue is funded by patients.

Expense Budget



- 57% of total expense is allocated to personnel costs.

State Support

State Support Salary	FY2023	FY2022
Operating Expenses	133.4	133.4
AHEC	0.4	0.4
Reserve for Salary Adjustment (RSA)	12.6	8.7
27th Payroll (one-time) - no inkind fb	5.1	-
	151.5	142.4
<u>Additional Support</u>		
Temporary Operating Support/Legacy Costs	30.2	6.9
Temporary Operating Support	7.5	24.0
ARPA (American Rescue Plan Act)	72.7	54.1
	110.4	85.0
Total State Support	261.9	227.4
<u>State Support Fringe</u>		
In Kind Fringe Benefits	137.7	136.7
Reserve for Salary Adjustment (RSA) related fringe	5.8	4.0
Fringe Benefit Differential	13.5	13.5
	157.0	154.2
Total State Support With Fringe	418.9	381.6
<u>Other items:</u>		
Deferred Maintenance	40.0	
Carryforward - Replenish Medical Malpractice Trust Fund	20.0	